

CITY OF MBOMBELA



BUDGET POLICY

TABLE OF CONTENTS

1.	Introduction	10
2.	Objective of the Policy	10

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## City of Mbombela

### Budget Policy

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3.	Budgeting Principles	11
4.	<b>BUDGET PREPARATION PROCESS</b>	11
4.1	Formulation of Budget	11
4.2	Public Participation Process	12
4.3	Approval of the Budget	13
4.4	Publication of the Budget	14
4.5	Service Delivery & Budget Implementation Plan (SDBIP)	14
5.	Capital Budget	15
6.	Operating Budget	17
7.	Funding of Capital and Operating Budget	18
8.	Unspent Funds /Roll- Overs	18
9.	Budget Transfers / Virements	19
10.	Adjustments Budget	19
11.	<b>BUDGET IMPLEMENTATION</b>	20
11.1	Monitoring	20
11.2	Reporting	21
12	Short Tittle and Commencement	22

*Approval date: 31 May 2021*

*Council Resolution A (4)*

**DEFINITIONS**

“Accounting Officer” means Municipal Manager

“Allocation” means:

- (a) A Municipality’s share of the Local Government’s equitable share referred to in Section 214(1)(a) of the Constitution
- (b) All allocation of money to a Municipality in terms of Section 214(1)(c) of the Constitution
- (c) An allocation of money to a Municipality in terms of a Provincial Budget; or
- (d) Any other allocation of money to a Municipality by an organ of state, including by another Municipality, otherwise than in compliance with a commercial or business plan.

“Annual Division of Revenue Act” means the act of Parliament, which must be enacted annually in terms of Section 214(1) of the Constitution

“Approved Budget” means an Annual Budget:

- (a) Approved by a Municipal Council and
- (b) Includes such an Annual Budget as revised by an Adjustment Budget in terms of Section 28 of the MFMA

“Basic Municipal Services” means a Municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided would endanger Public Health or Safety or the Environment.

**"Budget-related Policy"** means a policy of a municipality affecting or affected by the annual budget of the municipality, including-

- (a) Virement policy
- (b) Property rates
- (c) Credit control and debt collection policy
- (d) Indigent policy
- (e) Supply chain management policy
- (f) Supplier performance monitoring policy
- (g) Contract management policy
- (h) Asset management policy

***Approval date: 31 May 2021***

## **City of Mbombela**

### **Budget Policy**

---

- (i) Insurance policy
- (j) Tariff policy
- (k) Payroll policy
- (l) Investment policy
- (m) Funding and reserves policy

“Budget Transfer” means transfer of funding within a vote / function

“Budget Year” means the financial year of the Municipality for which an Annual Budget is to be approved in terms of Section 16(1) of the MFMA

“Chief Financial Officer” means a person designated in terms of Section 80(2)(9)(a) of the MFMA

“Councillor” means a member of the Municipal Council

“Creditor” means a person to whom money is owed by the Municipality

“Current year” means the Financial Year, which has already commenced, but not yet ended.

“Delegation” in relation to a duty, includes an instruction or request to perform or to assist in performing the duty.

“Financial Recovery Plan” means a plan prepared in terms of Section 141 of the MFMA

“Financial Statements” means statements consisting of at least:

- (a) A statement of the financial position
- (b) A statement of financial performance
- (c) A Cash-flow statement
- (d) Any other statements that may be prescribed; and
- (e) Any notes to these statements

“Financial Year” means a twelve month period commencing on 1 July and ending 30 June each year

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***Council Resolution A (4)***

**4**

“Financing Agreement” includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a Municipality undertakes to repay a long-term debt over a period of time.

“Fruitless and Wasteful Expenditure” means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

“Irregular Expenditure” means:

- (a) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA and which has not been condoned in terms of Section 170 of the MFMA
- (b) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act.
- (c) Expenditure incurred by a Municipality in contravention of, or that is not in accordance with, a requirement of the Public Office Bearers Act, 1998 (Act No 20 of 1998)
- (d) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management Policy of the Municipality or entity or any of the Municipality’s by-laws, but excludes expenditure by a Municipality which falls within the definition of “unauthorized expenditure”.

“Investment” in relation to funds of a Municipality means

- (a) The placing of a deposit of funds of a Municipality with a Financial institution or
- (b) The acquisition of assets with funds of a Municipality not immediately required, with the primary aim of preserving those funds

“Lender” means a person who provides Debt Finance to a Municipality

“Local Community” has the meaning assigned to it in Section 1 of the Municipal Systems Act

“Municipal Structures Act” means the Local Government : Municipal Systems Act, 2000 (Act No 32 of 2000)

“Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000)

“Long term Debt” means debt repayable over a period exceeding one year.

***Approval date: 31 May 2021***

## City of Mbombela

### Budget Policy

---

“Executive Mayor” means the Councillor elected as the Executive Mayor of the Municipality in terms of Section 55 of the Municipal Structures Act

“Municipal Council” Or “Council” means the Council of a Municipality referred to in Section 18 of the Municipal Structures Act

“Municipal Debt Instrument” means any note, bond, debenture or other evidence of indebtedness issued by a Municipality, including dematerialized or electronic evidence of indebtedness intended to be used in trade.

“Municipal entity” has the meaning assigned to it in Section 1 of the Municipal Systems Act (Refer to the MSA for definition)

“Municipality”:

- (a) When referred to as a corporate body, means a Municipality as described in Section 2 of the Municipal Systems Act; or
- (b) When referred to as a geographic area, means a Municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act no 27 of 1998)

“Accounting Officer” means a person appointed in terms of Section 82(1)(a) or (b) of the Municipal Structures Act

“Municipal services” has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition)

“Municipal tariff” means a tariff for services which a Municipality may set for the provision of a service to the Local Community, and includes a surcharge on such tariffs.

“Municipal Tax” means property rates or other taxes, levies or duties that a Municipality may impose.

“National Treasury” means the National Treasury established by Section 5 of the Public Finance Management Act

“Official” means:

- (a) An employee of a Municipality or Municipal entity
- (b) A person seconded to a Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity; or
- (c) A person contracted by a Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity otherwise than as an employee.

“Overspending” means:

***Approval date: 31 May 2021***

***Council Resolution A (4)***

**6**

- (a) Causing the operational or Capital Expenditure incurred by the Municipality during a Financial Year to exceed the total amount appropriated in that year's budget for its Operation or Capital Expenditure, as the case may be.
- (b) In relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) In relation to expenditure under Section 26 of the MFMA, means causing expenditure under the section to exceed the limits allowed in subsection (5) of this section.

**"Prior financial year"** means the financial year preceding the current year

**"quarter"** means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

**"Past Financial Year"** means the financial year preceding the current year

**"Service Delivery and Budget Implementation Plan"** means a detailed plan approved by the Executive Mayor of a Municipality in terms of Section 53(1)(c)(ii) of the MFMA for implementing the Municipality's delivery of Municipal Services and its annual Budget, and which must indicate:

- (a) Projections for each month:
  - (i) Revenue to be collected, by source; and
  - (ii) Operational & Capital Expenditure by vote
- (b) Service delivery targets and performance indicators for each quarter; and
- (c) Any other matters that may be prescribed and includes any revisions of such plan by the Executive Mayor in terms of Section 54(1) of the MFMA

**"Short Term Debt"** means debt repayable over a period not exceeding one year

**"Standards of Generally Recognized Accounting Practices"** means an accounting practice complying with standards applicable to Municipalities or Municipal entities as determined by the Accounting Standards Board.

**"Unauthorized Expenditure"** means any expenditure incurred by a Municipality otherwise than in accordance with Section 15 or 11(3) of the MFMA and includes:

***Approval date: 31 May 2021***

## **City of Mbombela**

### **Budget Policy**

---

- (a) Overspending of the total amount appropriate in the Municipality's approved Budget
- (b) Overspending of the total amount appropriated for a vote in the approved Budget
- (c) Expenditure from a vote unrelated to the Department or functional area covered by the vote
- (d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- (e) Spending of an allocation referred to in par. (b),(c) or (d) of the Definition of "Allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) A grant by the Municipality otherwise than in accordance with the MFMA

"Virement" means transfer of funds between functions / votes

"Vote" means;

- (a) One of the main segments into which a Budget of a Municipality is divided for the appropriation of money for the different Departments or functional areas of the Municipality and
- (b) Which specifies the total amount that is appropriated for the purpose of the Department of functional area concerned.

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**1. INTRODUCTION**

In terms of the Municipal Finance Management Act, No 56 of 2003, Chapter 4 on Municipal Budgets, Subsection (16), states that the Council of a Municipality must for each Financial Year approve an Annual Budget for the Municipality before the commencement of that Financial Year. According to Subsection (2) of the Act concerned, in order to comply with Subsection (1), the Executive Mayor of the Municipality must table the Annual Budget at a Council meeting at least 90 days before the start of the Budget Year. This Policy must be read, analysed, explained, interpreted, implemented and understood against this legislative background. The Budget plays a critical role in an attempt to realize diverse community needs. Central to this, the formulation of a Municipality Budget must take into account the Government's Macro-Economic and Fiscal Policy Fundamentals. In brief, the conceptualization and the operationalization of the Budget must be located within the National Government's Policy Framework.

**2. OBJECTIVE**

The objective of the Budget Policy is set out:

- 2.1 The principles which the City will follow in preparing each Medium Term Revenue and Expenditure Framework Budget.

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*Council Resolution A (4)*

- 2.2 The responsibilities of the Executive Mayor, the Accounting officer, the Chief Financial Officer and other Senior Managers and Managers in compiling the Budget.
- 2.3 To establish and maintain procedures to ensure adherence to City of Mbombela's IDP Review and Budget Process
- 2.4 Sets out the assumptions and methodology for estimating revenue

**3. BUDGETING PRINCIPLES**

- 3.1 The Municipality shall not budget for a deficit and should also ensure that Revenue projections in the Budget are realistic taking into account actual collection levels.
- 3.2 Expenses may only be incurred in terms of the approved Annual Budget or Adjustment Budget and within the limits of the amounts appropriated for each vote (Department) in the approved Budget.
- 3.3 City of Mbombela shall prepare a three-year Budget (Medium Term Revenue and Expenditure Framework) and that be reviewed annually and approved by the Council.
- 3.4 The Medium Term Revenue and Expenditure Framework (MTREF) Budget must at all times be within the framework of the City's Integrated Development Plan.
- 3.5 The Medium Term Revenue and Expenditure Framework (MTREF) budget must be realistic and credible, being prepared concurrently on a cash basis.

**4. BUDGET PREPARATION PROCESS**

**4.1 Formulation of the Budget:**

- (a) The Accounting Officer with the assistance of the Director responsible for IDP and the Chief Financial Officer shall draft the IDP Process Plan as well as the Budget Timetable for the City including the City's entities for the ensuing Financial Year.
- (b) The Executive Mayor shall table the IDP Process Plan as well as the Budget Timetable to Council by 31 August each year for approval (10 months before the start of the next Budget year)
- (c) IDP Process Plan as well as the Budget Timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the Medium Term Revenue and Expenditure Framework Budget and the revision of the Annual Budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act, Municipal Budget and Reporting Regulations as well as the guidelines set by National Treasury.
- (d) The Executive Mayor shall convene a strategic Workshop in October / November with the Mayor Committee and Senior Managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF Budget taking into account the Financial and Political pressure facing the Municipality. The Executive Mayor shall table the IDP priorities with the Draft Budget to Council.

***Approval date: 31 May 2021***

- (e) The Executive Mayor shall table the draft IDP and MTREF Budget to Council by 31 March (90 days before the start of the new Budget Year) together with the draft resolutions and Budget Related Policies
- (f) The Chief Financial Officer and Senior Managers and Managers undertake the technical preparation of the Budget.
- (g) The Budget must be in the prescribed format as prescribed by National Treasury, and must be divided into Capital and Operating Budget.
- (h) The budget must reflect the realistic expected revenues by major source for the Budget Year concerned.
- (i) The expenses reflected in the Budget must be divided into in GFS format and by departments by vote.
- (i) The Budget must also contain the information related to the two financial years following the Financial Year to which the Budget relates, as well as the actual revenues and expenses (audited outcomes) for the 3 prior years, and the estimated revenues and expenses for the current year in terms of the MBRR.

**4.2 Public Participation Process:**

Immediately after the Draft Annual Budget has been tabled, the accounting officer must make the budget and other-related documents public and must invite the local community, stakeholder organizations to make representation to the budget.

The accounting officer must also immediately submit the tabled budget in both printed and electronic formats to national treasury, and provincial treasury, and the executive mayor must respond to the submissions received and if necessary revised the draft budget.

**4.3 Approval of the Budget:**

- (a) Council shall consider the next Medium Term Expenditure Framework Budget for approval not later than 31 May (30 days before the start of the Budget Year)
- (b) The Council Resolution, must obtain Budget Policies and Performance measures be adopted.
- (c) Should the City fail to approve the Budget before the start of the Budget Year, the Executive Mayor must inform the MEC for Finance that the Budget has not been approved.

*Approval date: 31 May 2021*

## **City of Mbombela**

### **Budget Policy**

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- (d) The Budget tabled to Council for approval shall include the following supporting documents:
  - (i) Draft resolutions approving the Budget and levying Property Rates, other taxes and tariffs for the Financial Year concerned
  - (ii) Draft Resolutions
  - (iii) Measurable performance objectives for each Budget vote, taking into account the City's IDP
  - (iv) The projected Cash Flows for the Financial Year by Revenue Source and Expenditure Votes
  - (v) Any proposed amendments to the IDP
  - (vi) Any proposed amendments to the Budget-related Policies
  - (vii) The cost to the City of the Salaries, Allowances and other benefits of tis Political Office Bearers and other Councillors, the Accounting Officer and other Senior Managers
  - (viii) Particulars of any proposed allocations of Grants to other Municipalities, Municipal entities, External mechanisms assisting the Municipality in service delivery, other organs of state, and organizations such as Non-Governmental Organizations, welfare institutions and so on;
  - (ix) Various information in regard to Municipal entities under the shared or sole control of the City.

***Approval date: 31 May 2021***

***Council Resolution A (4)***

**13**

**4.4 Publication of the Budget:**

- (a) Within 14 days after the Draft Annual Budget has been tabled, the General Manager Corporate Services must post the Budget and other Budget-related documentation onto the City's Website so that it is accessible to the public as well as send hard copies to National and Provincial Treasury.
- (b) The Chief Financial Officer must within 14 days submit the approved Budget in both printed and electronic formats to the National Treasury, Provincial Treasury as well as post it on the City's Website.

**4.5 Service Delivery and Budget Implementation Plan (SDBIP)**

- (a) The Executive Mayor must approve the Service Delivery and Budget Implementation Plan (SDBIP) not later than 28 days after the approval of the Budget by the Council.
- (b) The Service Delivery and Budget Implementation Plan (SDBIP) shall include the following components:
  - (i) Monthly projections of revenue to be collected for each source
  - (ii) Monthly projections of expenditure (Operating and Capital) and revenue for each vote
  - (iii) Quarterly projections of Service Delivery Targets and Performance Indicators for each vote
  - (iv) Ward or Region information for Expenditure and Service Delivery
  - (v) Detailed capital works plan broken down by ward over three years.

**5. CAPITAL BUDGET**

*Approval date: 31 May 2021*

*Council Resolution A (4)*

- (a) Expenditure of a project shall be included in the Capital Budget if it meets the Asset definition as defined in the asset management policy and has a useful life in excess of one year.
- (b) Vehicle replacement shall be done in terms of Council's Vehicle Replacement Policy. The Budget for vehicles shall distinguish between replacement and new vehicles. A proper costing Analysis must be conducted no globular amounts shall be budgeted for vehicle acquisition.
- (c) The City may spend money on a Capital Project only if the money for the project has been appropriated in the Capital Budget.
- (d) The envisaged sources of funding for the Capital Budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.
- (e) Before approving a Capital Budget, the Council must consider:
  - (i) ***The projected cost of the project over all the ensuring Financial Years until the project becomes operational***
  - (ii) ***Future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on Operating Budget (i.e on Property Rates and Service Tariffs)***
- (f) Before approving the Capital Budget, the Council shall consider:
  - (i) ***The impact on the present and future Operating Budgets of the Municipality in relation to finance charges to be incurred on external loans***
  - (ii) ***Depreciation of fixed assets***
  - (iii) ***Maintenance of fixed assets, and***
  - (iv) ***Any other ordinary Operational expenses associated with any item on such Capital Budget***
- (g) Council shall approve the Annual or Adjustment Capital Budget only if it has been properly balanced and fully funded.

**The Capital Expenditure shall be funded from the following sources.**

**Revenue or surplus:**

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***Council Resolution A (4)***

If any projects is to be financed from Revenue this financing must be included in the;

- Cash Budget to raise sufficient cash for the Expenditure
- If the project is to be financed from the Surplus there must be sufficient cash available at time of execution of the project.

**External Loans:**

- External Loans can be raised only if it is linked to the financing of assets
- A Capital Project to be financed from an External Loan can only be included in the Budget if the loan has been secured or if it can be reasonably assumed as being secured
- The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure
- Interest payable on external loans shall be included as a cost in the Operating Expenditure Budget
- Finance charges relating to such loans shall be charged to or apportioned only between the Departments or votes to which the projects related.

**Capital Replacement Reserve (CRR):**

Council shall establish a CRR for the purpose of financing Capital Projects and the acquisition of Assets;

1. Unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes
2. Interest on the investments of the CRR, appropriated in terms of the investment policy
3. Additional amounts appropriated as contributions in each annual or adjustments budget

**Sale of land and Profit or Loss on the sale of assets**

**Grant Funding:**

Non-Capital Expenditure funded from Grants:

- Must be budgeted for as part of the Revenue Budget

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*Council Resolution A (4)*



- Expenditure must be reimbursed from the funding creditor and transferred to the Operating Budget and must be budgeted for as cash
- Capital Expenditure must be budgeted for in the Capital Budget
- Interest earned on investments of Conditional Grant Funding shall be capitalized if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.
- Grant Funding does not need to be cash backed but cash should be secured before spending can take place.

6. **OPERATING BUDGET**

(a) The City shall budget in each Annual and Adjustment Budget for the contribution to;

(i) ***Provision for accrued leave entitlements equal to 100% of the accrued leave***

(ii) ***Entitlement of officials as at 30 June of each Financial Year***

(iii) ***Provision for bad debts in accordance with its rates and tariffs policies.***

(iv) ***Depreciation and finance charges shall be charged to or apportioned only between the Departments or votes to which the projects relates***

(v) ***At least 8% of the Operating Budget component of each Annual and Adjustment Budget shall be set aside for Maintenance***

(b) When considering the Draft Annual Budget, Council shall consider the impact, which the proposed increased in Rates and Service Tariffs will have on the monthly Municipal Accounts of households.

(c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts

(d) The Operating Budget shall reflect the impact of the Capital Component on:

- (i) Depreciation charges
- (ii) Repairs & Maintenance expenses
- (iii) Interest payable on external borrowings
- (iv) Other operating expenses

(e) The Chief Financial Officer shall ensure that the cost of Indigency relief is separately reflected in the appropriate votes.

***Approval date: 31 May 2021***

***Council Resolution A (4)***

**7. FUNDING OF CAPITAL & OPERATING BUDGET**

- (a) The Budget may be financed only from;
- Realistically expected revenues, based on current and previous collection levels
  - Cash backed funds available from previous surpluses where such funds are not required for other purposes and
  - Borrowed funds in respect of the Capital Budget only

**8. UNSPENT FUNDS / ROLL OVER OF BUDGET**

- (a) The appropriation of funds in an Annual or Adjustment Budget will lapse to the extent that they are unspent by the end of the relevant budget year, but expect for funds relating to Capital Expenditure
- (b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded Capital Budget may be rolled over to the next Budget year.
- (c) Both internal funded and conditional grants unspent grants will be presented before council on the 25 August each year however only the internal funded projects will be loaded into the financial system.
- (d) Uploading of the conditional grants projects into the financial system will be actioned after the outcome of the application from National Treasury for the conditional grants and report to council during the next adjustments budget by 28 February each year.
- (e) The roll-over of all unspent conditional grants will be subjected to approval by National Treasury around October / November each year See circular 91 for the criteria for the rollover of conditional grants to be followed.
- (f) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next Budget Year except in cases where a commitment has been made 90 days (31 March each Year) prior the end of that particular Financial year.

**9. BUDGET TRANSFERS & VIREMENTS:**

All Budget virements shall be done in terms of the Virement Policy.

**10. ADJUSTMENT BUDGET**

- (a) The Chief Financial Officer shall ensure that the Adjustment budgets comply with the requirements of the National Treasury reflect the Budget priorities determined

*Approval date: 31 May 2021*

*Council Resolution A (4)*

by the Executive Mayor, are aligned with the IDP, and comply with all budget-related Policies, and shall make recommendations to the Executive Mayor on the revision of the IDP and the Budget-related Policies where these are indicated.

- (b) Council may revise its Annual Budget by means of an Adjustment Budget if it is recommended by the Accounting Officer.
- (c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- (d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council in compliance with Section 28 of the Municipal Finance Management Act.
- (e) The Council shall in such Adjustment Budgets and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.
- (f) The Council shall also authorize the spending of funds unspent at the end of the previous Financial Year, where such under-spending could not reasonably have been foreseen at the time the Annual Budget was approved by Council.
- (g) Only the Executive Mayor shall table an Adjustment Budget before Council.
- (h) An Adjustment Budget must obtain all of the following;
  - An explanation of how the adjustments affect the approved Annual Budget
  - Appropriate motivations for material adjustments
  - An explanation of the impact of any increased spending on the current and future Annual Budgets.
- (i) Any un-appropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any Adjustment Budget, but shall be appropriated to the City's Capital Replacement Reserve.
- (j) City's Taxes and tariffs may not be increased during a Financial Year except if required in terms of a Financial Recovery Plan
- (k) Unauthorized expenses may be authorized in an Adjustment Budget.
- (l) In regard to unforeseen and unavoidable expenditure, the following apply;
- (i) ***The Executive Mayor may authorize such expenses in an emergency or other exceptional circumstances***

***Approval date: 31 May 2021***

- (ii) *The City may not exceed R15 million of the Approved Annual Budget in respect of such unforeseen and unavoidable expenses in terms of Regulation 72*
- (iii) *These expenses must be reported by the Executive Mayor to the Municipal Council at its next Council meeting*
- (iv) *The expenses must be appropriated in the next Adjustment Budget and*
- (v) *Council must pass the Adjustment Budget within sixty (60) days after the expenses incurred.*

11. **BUDGET IMPLEMENTATION:**

11.1 **Monitoring**

- (a) The Accounting Officer with the assistance of the Chief Financial officer and other Senior Managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that funds are spent in accordance with the Budget, expenses are reduced if expected Revenues are less than projected and revenues and expenses are properly monitored.
- (b) The Accounting Officer with the assistance of the Chief Financial Officer must prepare any Adjustment Budget when such budget is necessary and submit it to the Executive Mayor for consideration and tabling to Council.
- (c) The Accounting Officer must report in writing to Council any impending shortfalls in the Annual Revenue Budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

11.2 **Reporting:**

11.2.1 *Monthly Budget Statements:*

- (a) The Accounting Officer with the assistance of the Chief Financial Officer must, not later than ten (10) working days after the end of each calendar month, submit to the Executive Mayor and Provincial and National Treasury a report in the prescribed format on the state of the City's Budget for such Calendar month, as well as on the state of the Budget cumulatively for the Financial Year to date. The report (Section 71) must reflect the following;
  - (i) ***Actual revenues per source, compared with budgeted revenues***
  - (ii) ***Actual expenses per vote, compared with budgeted expenses***

*Approval date: 31 May 2021*

- (iii) Actual Capital Expenditure per vote, compared with budgeted expenses**
  - (iv) Actual borrowings, compared with the borrowings envisaged to fund the Capital Budget**
  - (v) The amount of allocations received, compared with the budgeted amount**
  - (vi) Actual expenses against allocations, but excluding expenses in respect of the equitable share**
  - (vii) Explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the Service Delivery and Budget Implementation Plan (SDBIP)**
  - (viii) The remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget and**
  - (ix) Projections of the Revenues and Expenses for the remainder of the Financial Year, together with an indication of how and where the original projections have been revised.**
- (b) The report to the National Treasury must be both in electronic format and a signed written document.

#### 11.2.2 Quarterly Reports

- (a) The Executive Mayor must submit to Council within thirty (30) days of the end of each quarter a report on the implementation of the Budget and the financial state of affairs of the City.

#### 11.2.3 Mid-year Budget and Performance Assessment:

- (a) The Accounting Officer must assess the Budgetary performance of the City for the first half of the Financial Year, taking into account all the monthly Budget Reports for the first six (6) months, the Service Delivery Performance of the City as against the Service Delivery Targets and Performance Indicators which were set in the Service Delivery and Budget Implementation Plan (SDBIP).
- (b) The Accounting Officer must then submit a report on such assessment to the Executive Mayor by 25 January of each year and to Council, Provincial Treasury and National Treasury by 31 January of each year.

**Approval date: 31 May 2021**

- (c) The Accounting Officer may in such report make recommendations after considering the recommendations of the Chief Financial Officer for adjusting the Annual Budget and for revising the projections of revenues and expenses set out in the Service Delivery and Budget Implementation Plan (SDBIP).

**12. EFFECTIVE DATE**

The policy will be implemented with effect from 01 July 2021.